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Network performance reporting for regulated electricity and gas networks — Consultation paper — 10 October 2025

EnergyAustralia is one of Australia's largest energy companies with around 2.2 million electricity and gas accounts across eastern Australia. We also own, operate and contract a diversified energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 5,000MW of generation capacity.

We appreciate the opportunity to provide feedback on the AER's performance reporting for electricity and gas networks.

We understand the AER is seeking stakeholder input given it anticipates receiving additional data for electricity distribution network service providers (DNSP) from 2026 under its Annual Information Orders.

However the AER may wish to defer making substantive changes to its reporting and data collection. The Australian Energy Market Commission (AEMC) is currently consulting on the rule change proposal by Energy Consumers Australia regarding integrated distribution system planning (IDSP).[1] We consider it is likely that the AEMC will progress with its preferred option (Option 1).

Option 1 would aim to standardise approach and transparency across DNSPs in developing their Integrated Distribution System Plans. It would require DNSPs to publish the methodologies, calculations, and outputs used in planning, and utilise defined key terms in doing so. These key terms (among other things) would come from definitions the AER determines in a proposed network data and reporting guideline. The overall proposal supports benchmarking, regulatory oversight, and third-party validation.

The AEMC's final decision is expected June 2026. Deferring and consolidating changes to related AER reporting arrangements may reduce regulatory burden on participants and AER reporting teams.

This timing notwithstanding, we fully support the AER reviewing the effectiveness of its network performance reporting, and have several suggestions in line with the themes in its consultation paper:

[1] Integrated distribution system planning | AEMC

- **Objectives** — we would place heavy emphasis on the AER's objectives of informing the effectiveness of the regulatory regime, and encouraging improved performance. Performance reporting should align with lines of inquiry leading into and following regulatory determinations for each regulated entity. This monitoring would assist the AER's periodic decisions while also influencing network behaviours on an ongoing basis. This would also help stakeholders with limited resources to better engage on material issues during price and revenue determinations.

- **Reporting priorities** — those listed appear to cover key drivers of price outcomes for customers, however this could be made more explicit. We strongly support the AER reporting on the activities of networks to identify and offer spare network capacity to competitive service providers of distributed generation and storage, as gas network stranding as an outworking of decarbonisation policy.

- **Additional data and insights** —

    - The AER's datasets include benchmark and actual expenditures but these should also be compared to values proposed by individual networks. Stakeholders would be interested to see any instances of networks persistently over-forecasting expenditures, which might warrant further detailed investigation.

    - Regarding consumer energy resources (CER), the AER has already flagged the desirability of capturing curtailment volumes in its export service metrics. The AER's reporting should also introduce 'service level' style metrics which DNSPs must report against, including the number of inquiries, response times, approvals and connections related to CER and all EV charging infrastructure.

    - A further area of interest is profitability. The AER should give further consideration to the role of networks' related parties, and whether this should be within the scope of performance monitoring e.g. where profitability should be regarded as part of a wider corporate group, and trends in amounts of spending via related party contracts. This could complement the AER's monitoring and enforcement of rules and guidelines relating to cost allocation, ring-fencing etc.

    - The AER should be clear in its statements regarding observed outperformance of asset and equity return measures, and its expectation of tolerable outcomes. Notably, the AER has commented that it is not unexpected for returns to exceed benchmarks under a regulatory framework that provides entities the opportunity to recover at least efficient costs.[2] These statements appear to regard efficient and actual costs as the same thing. The AER's reports show networks in aggregate persistently outperform benchmarks but we would expect to see this only for 'frontier' service providers as a reward for driving out efficiencies, with laggards earning below benchmark returns.

    - more granular assessments of outperforming profitability and constituent cost and revenue components should demonstrably feed into refinements to the AER's decision making. In one example we identified the AER providing a very general reflection on the extent of "forecasting error" and its corrective actions in the form of "the introduction of better regulation, changes to our

[2] AER, *Electricity network performance report*, July 2023, p. 38; AER, *Gas network performance report*, 2023, p. 50.

approach to estimate the rate of return, and tax review".[3] It is not clear how these initiatives demonstrably impacted out-turn returns to equity. How the AER identifies and implements these types of refinements should be a central part of the AER's reporting, rather than mentioned in passing.

If you would like to discuss this submission, please contact me on [redacted] or [redacted].

Regards

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[3] AER, *Gas network performance report*, 2023, p. 51, footnote 84.